5101:3-3-20 NURSING FACILITIES (NFS) AND INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED (ICFS-MR): Medicaid cost report filing, record retention, and disclosure requirements ~~for nursing facilities (NFs) and intermediate care facilities for the mentally retarded (ICFs-MR)~~.

As a condition of participation in the Title XIX medicaid program, each nursing facility (NF) and intermediate care facility for the mentally retarded (ICFs-MR) shall file a cost report with the Ohio department of human services (ODHS). The cost report, [ODHS 2524-appendix a of rule 5101:3-3-202 of the Administrative Code] including its supplements and attachments as specified under paragraphs (A) to ~~(P)~~ (M) of this rule or other approved forms for state-operated ICFs-MR, must be filed within ninety days after the end of the reporting period. Except as specified under ~~paragraphs (A), (B), and (I)~~PARAGRAPH (F) of this rule, the report shall cover a calendar year~~:~~ or the portion of a calendar year during which the NF ~~and~~ OR ICF-MR participated in the medical assistance program. In the case of a NF or ~~an~~ ICF-MR that has a change of provider agreement, as defined in rule 5101:3-3-516 or 5101:3-3-845 of the Administrative Code, during a calendar year, the report by the new provider shall cover the portion of the calendar year following the change of provider agreement encompassed by the first day of participation up to and including December thirty-first~~.~~, EXCEPT AS SPECIFIED UNDER PARAGRAPH (H) OF THIS RULE. In the case of a NF or ~~an~~ ICF-MR that begins participation after January first and ceases participation before December thirty-first of the same ~~reporting period~~ (calendar year)~~.~~ ~~The~~ THE reporting period shall be the first day of participation to the last day of participation. ~~The reports shall never be based upon a fiscal year which does not coincide with the calendar year; the reporting period shall never contain portions of two calendar years.~~ ODHS shall issue the appropriate software~~;~~ and AN approved list of vendors for an electronically submitted cost report no later than sixty days prior to the initial due date of the cost report. For reporting purposes NFs and ICFs-MR, other than state-operated facilities, shall use the chart of accounts for NFs and ICFs-MR as set forth in rule 5101:3-3-201 of the Administrative Code, or relate its chart of accounts directly to the cost report.

~~(A) For the fiscal year beginning July 1, 1993, the prospective rate shall be based on the two six-month cost reports ending June thirtieth and December thirty-first as filed for calendar year 1992.~~

~~(B) For the fiscal year beginning July 1, 1994, the prospective rate shall be based on the two six-month cost reports ending June thirtieth and December thirty-first as filed for calendar year 1993.~~

~~(C) For the fiscal year beginning July 1, 1995, the prospective rate shall be based on the calendar year COST REPORT ending December thirty-first cost report from the preceding calendar year.~~

~~(D)~~(A) For fiscal years beginning on and after July 1, 1996, FIRST OF EACH FISCAL YEAR the prospective rate shall be based on the calendar year ending December thirty-first cost report ~~from the preceding calendar year~~. THAT PRECEDES THE FISCAL YEAR IN WHICH THE RATE IS PAID, EXCEPT AS SPECIFIED UNDER PARAGRAPH (H) OF THIS RULE. Cost reports, filed by NFs and ICFs-MR, for these periods, shall be filed on an electronic basis.

~~(E)~~(B) For good cause, as deemed appropriate by ODHS, cost reports may be submitted within fourteen days after the original due date ~~of the reporting period~~ if written approval from ODHS is received prior to the original due date of the cost report. REQUESTS FOR EXTENSIONS MUST BE IN WRITING WHICH EXPLAIN THE CIRCUMSTANCES BEYOND THE CONTROL OF THE PROVIDER SUCH AS LOSS OF ACCOUNTING RECORDS THROUGH ACTS OF GOD OR LOSS OF THE COST REPORT PREPARER WITHIN THIRTY DAYS OF THE COST REPORT DUE DATE. COST REPORT EXTENSIONS WILL NOT BE GRANTED FOR CORPORATE REORGANIZATIONS OR VAGUE EXPLANATIONS.

(1) For purposes of this rule, "original due date" means each facility's cost report is due ninety days after the end of each facility's reporting period~~, filed by the owner or organization which operated the facility during the reporting period~~. Unless waived by ODHS, the reporting period ends as follows:

(a) ~~Except as provided in paragraph (K)(2) of this rule, on the last day of the health facility's annual or semi-annual accounting period (calendar year)~~ ON THE LAST DAY OF THE CALENDAR YEAR FOR THE HEALTH CARE FACILITY'S YEAR END COST REPORT, EXCEPT AS PROVIDED IN A PARAGRAPH (H)(2) OF THIS RULE; or

(b) On the last day of ~~patient care~~ MEDICAID PARTICIPATION at the old ~~plant~~ FACILITY OR when ~~the facility~~ IT closes to relocate to a new ~~plant~~ FACILITY or to alter the existing ~~plant~~ FACILITY; or

(c) On the last day before a change of provider agreement as defined in rules 5101:3-3-516 and 5101:3-3-845 of the Administrative Code~~; or~~.

(d) On the last day of the ~~facility's~~ NEW FACILITY'S OR NEW PROVIDER'S first three full calendar months OF PARTICIPATION UNDER THE MEDICAL ASSISTANCE PROGRAM WHICH ENCOMPASSES THE FIRST DAY OF MEDICAID PARTICIPATION ~~after certification or a change of provider agreement~~.

(2) If a facility does not submit the cost report within fourteen days after the original due date, or BY the extension date granted by ODHS ~~as specified in paragraph (D) of this rule~~ or submits an incomplete or inadequate report, ODHS shall provide immediate written notice to the facility that its provider agreement will be terminated in thirty days ~~after receipt of notice~~ unless the facility submits a complete and adequate cost report within thirty days OF RECEIVING THE NOTICE.

~~(2) If ODHS determines, as a result of the reconsideration, that the rate established for the facility is less than the rate to which it is entitled, ODHS shall increase the rate. If ODHS has paid the incorrect rate for a period of time, ODHS shall pay the facility the difference between the amount it was paid for that period and the amount it should have been paid, plus interest.~~

~~(3) If ODHS subsequently includes the costs listed in the addendum in the facility's rate, ODHS shall pay the facility interest at the rate in effect on the last day of the affected period, for the time that the rate paid excluded the costs. The rate of interest shall be based on the average bank prime rate as set forth below:~~

~~(a) ODHS shall determine the average bank prime rate using statistical release H.15, "Selected interest rates", a weekly publication of the federal reserve board, or any successor publication. If statistical release H.15 or its successor, ceases to contain the bank prime rate information or ceases to be published, ODHS shall request a written statement of the average bank prime rate from the federal reserve bank of Cleveland or the federal reserve board.~~

~~(b) Interest payments shall be calculated on the basis of simple interest.~~

(1) THE RATE OF INTEREST SHALL BE THE RATE IN EFFECT ON THE LAST DAY OF THE PERIOD AFFECTED BY THE INCORRECT RATE. THE RATE OF INTEREST SHALL BE BASED ON THE AVERAGE BANK PRIME RATE.

(2) ODHS SHALL DETERMINE THE AVERAGE BANK PRIME RATE USING STATISTICAL RELEASE H.15, "SELECTED INTEREST RATES", A WEEKLY PUBLICATION OF THE FEDERAL RESERVE BOARD, OR ANY SUCCESSOR PUBLICATION. IF STATISTICAL RELEASE H.15 OR ITS SUCCESSOR, CEASES TO CONTAIN THE BANK PRIME RATE INFORMATION OR CEASES TO BE PUBLISHED, ODHS SHALL REQUEST A WRITTEN STATEMENT OF THE AVERAGE BANK PRIME RATE FROM THE FEDERAL RESERVE BANK OF CLEVELAND OR THE FEDERAL RESERVE BOARD.

(3) INTEREST PAYMENTS SHALL BE CALCULATED ON THE BASIS OF SIMPLE INTEREST.

~~(G)~~(D) ODHS shall conduct a desk review of each cost report it receives. Based on the desk review, the department shall make a preliminary determination of whether the reported cost are allowable costs. Before issuing the determination ODHS shall notify the facility of any information on the cost report that requires further support. The facility shall provide any documentation or other information requested by ODHS and may submit any information that it believes supports the reported costs. ~~ODHS shall then notify each NF and ICF-MR of whether any of its cost are preliminarily determined not to be allowable, the rate calculation under Chapter 5101:3-3 of the Administrative Code that results from that determination, and the reasons for the determination and the resulting rate.~~ ODHS SHALL NOTIFY EACH NF AND ICF-MR OF THE FOLLOWING: WHETHER ANY OF ITS COSTS ARE PRELIMINARILY DETERMINED NOT TO BE ALLOWABLE AND THE REASONS FOR THE DETERMINATION AND THE RESULTING RATE AS DETERMINED UNDER CHAPTER 5101:3-3 OF THE ADMINISTRATIVE CODE.

(1) A desk review of cost reports filed for each period is conducted to ensure mathematical correctness and that the rate setting calculations are consistent with the rate setting formula contained in Chapter 5101:3-3 of the Administrative Code; ~~and to identify categories of reported cost, which materially exceed peer group averages or the providers historical filed cost trends as determined by ODHS, and require further verification~~. ALSO, A DESK REVIEW IS CONDUCTED TO IDENTIFY CATEGORIES OF REPORTED COSTS MATERIALLY EXCEEDING PEER GROUP AVERAGES OR THE PROVIDER'S HISTORICAL FILED COST TRENDS AS DETERMINED BY ODHS, THAT REQUIRE FURTHER VERIFICATION. Following the desk review, and the acceptance of the cost report, cost report data is used to determine the prospective rate setting.

(2) ~~For the desk review process a~~ A facility may revise the cost report within sixty days after THE original due date without the revised information being considered an amended cost report.

(3) The cost report is considered accepted after the cost report has passed the desk review process.

(4) ~~A provider who disagrees with a desk review decision may request a rate reconsideration, as specified in rule 5101:3-3-24 of the Administrative Code, after final rates have been issued.~~ AFTER FINAL RATES HAVE BEEN ISSUED, A PROVIDER WHO DISAGREES WITH A DESK REVIEW DECISION MAY REQUEST A RATE RECONSIDERATION, AS SPECIFIED IN RULE 5101:3-3-24 OF THE ADMINISTRATIVE CODE.

~~(H)~~(E) During the time when a cost report is open for audit as defined in rule 5101:3-3-21 of the Administrative Code, the provider may amend the COST report upon discovery of a material error or ~~material~~ additional information that increases or decreases the TOTAL payment rate by ten cents per patient day or greater. If the error or additional information would change the payment rate by less than ten cents per patient day, the provider may not, ~~and is not required to,~~ amend the COST report. ODHS shall not charge interest under division (B) of section 5111.28 of the Revised Code based on any error or additional information that is not required to be reported under this paragraph. ODHS shall review the amended cost report for accuracy and notify the provider of its determination. Since the audit determines ~~the~~ reasonable and allowable costs, a cost report cannot be amended once an audit has been completed. However, should subsequent events occur or information become available to the provider after the audit is completed that affects the costs for the cost-reporting period, such information may be submitted to ODHS if the final settlement of the cost report period has not been adjudicated.

~~(I)~~(F) The annual cost report submitted by state-operated facilities shall cover the twelve-month period ending June thirtieth of the preceding year, or portion thereof, if medicaid participation was less than twelve months.

~~(J)~~(G) Cost reports submitted by county and state-operated facilities may be completed on ~~an~~ accrual basis ACCOUNTING and ~~based upon~~ generally accepted accounting principles unless otherwise specified in Chapter 5101:3-3 of the Administrative Code.

~~(K)~~(H) Three-month cost reports:

(1) Facilities new to the medical assistance program that are subject to the provisions of rules 5101:3-3-53 and 5101:3-3-~~0~~6 of the Administrative Code shall submit a cost report PURSUANT TO PARAGRAPH (B)(1) OF THIS RULE ~~within ninety days after the end of the facility's first three full calendar months after certification~~ FOR THE PERIOD WHICH INCLUDES THE DATE OF CERTIFICATION AND SUBSEQUENT THREE FULL CALENDAR MONTHS OF OPERATIONS. The new provider of a facility that has a change of provider agreement, as defined in rule 5101:3-3-516 or 5101:3-3-845 of the Administrative Code, on or after the effective date of this amendment shall submit a cost report within ninety days after the end of the facility's first three full calendar months after the change of provider agreement.

(2) If a facility described in paragraph ~~(K)~~(H)(1) of this rule opens or changes provider agreement on or after October second, the facility is not required to submit ~~an annual~~ A YEAR END cost report for that calendar year.

~~(L)~~(I) Providers are required to identify all known related organizations as set forth under paragraph ~~(DD)~~(BB) of rule 5101:3-3-01 of the Administrative Code.

~~(M)~~(J) Providers are required to identify all of the following:

(1) Each known individual, group of individuals, or organization not otherwise publicly disclosed who owns or has common ownership as set forth under ~~paragraph (DD)~~ PARAGRAPHS (BB) AND (CC) of rule 5101:3-3-01 of the Administrative Code, in whole or in part, any mortgage, deed of trust, ~~in whole or in part, of the facility or of any~~ property or asset of the facility. When the facility or the common owner is a publicly owned and traded corporation, this information beyond basic identifying criteria is not required as part of the cost report but must be available within two weeks when requested. Publicly disclosed information must be available at the time of the audit; and

(2) Each corporate officer or director, if the facility is a corporation; and

(3) Each partner, if the facility is a partnership; and

(4) Each facility, whether participating in the medicare or medicaid program or not, which is part of an organization which is owned, or through any other device controlled, by the organization of which the provider is a part; and

(5) Any director, officer, manager, employee, individual, or organization having direct or indirect ownership or control of five per cent or more [see paragraph ~~(L)~~(I) ~~above~~ OF THIS RULE], or who has been convicted of or pleaded guilty to a civil or criminal offense related to his involvement in programs established by Title XVIII (medicare), Title XIX (medicaid), or Title XX (social services) of the social security act, as amended; and

(6) Any individual currently employed by or under contract with the provider, or related party organization, as defined under paragraph ~~(L)~~(I) of this rule, in a managerial, accounting, auditing, legal, or similar capacity who was employed by ODHS, the Ohio department of health, the office of attorney general, the Ohio department of aging, the Ohio department of mental retardation and developmental disabilities, or the Ohio department of industrial relations within the previous twelve months.

~~(N)~~(K) Providers are required to provide upon request all contracts in effect during the cost report period for which the cost of the service from any individual or organization is twenty-five thousand dollars or more in a twelve-month period, or for the services of a sole proprietor or partnership where there is no cost incurred and the imputed value of the service is twenty-five thousand dollars or more in a twelve-month period, the audit provisions of 42 C.F.R. 420 subpart (D) apply to these contractors.

(1) For purposes of this rule, "contract for service" is defined as the component of a contract that details services provided, exclusive of supplies and equipment. It includes any contract which details services, supplies, and equipment to the extent the value of the service component is twenty-five thousand dollars or more within a twelve-month period.

(2) For purposes of this rule, "subcontractor" is defined as any entity, including an individual or individuals, ~~that~~ WHO contract with a provider to supply a service, either to the provider or directly to the beneficiary, ~~for which~~ WHERE medicaid reimburses the provider the cost of the service. This includes organizations related to the subcontractor that have a contract with the subcontractor for which the cost or value is twenty-five thousand dollars or more in a twelve-month period.

~~(O)~~(L) Financial, statistical, and medical records (which shall be available to ODHS and to the U.S. department of health and human services and other federal agencies) supporting the cost reports or claims for services rendered to residents shall be retained for the greater of seven years after the cost report is filed, if ODHS issues an audit report in accordance with rule 5101:3-3-21 of the Administrative Code, or six years after all appeal rights relating to the audit report are exhausted.

(1) Failure to retain the required financial, statistical, or medical records, renders the provider liable for monetary damages of THE GREATER AMOUNT: ~~no more than the greater of one thousand dollars per audit or twenty-five per cent of the cumulative amount, by which the costs for which documentation was not furnished increased the total medicaid payments to the provider during the fiscal year for which the costs were used to establish a rate.~~

(a) ONE THOUSAND DOLLARS PER AUDIT; OR

(b) TWENTY-FIVE PER CENT OF THE AMOUNT BY WHICH THE UNDOCUMENTED COST INCREASED THE MEDICAID PAYMENTS TO THE PROVIDER, DURING THE FISCAL YEAR.

(2) Failure to retain the required financial, statistical, or medical records to the extent that filed cost reports are unauditable shall result in the penalty as specified in paragraph ~~(O)~~(L) (1) of this rule. Providers whose records have been found to be unauditable will be allowed sixty days to provide the necessary documentation. If, at the end of the sixty days, the required records have been provided and are determined auditable, the proposed penalty will be withdrawn. If ODHS, after review of the documentation submitted during the sixty-day period, determines that the records are still unauditable, ODHS shall impose the penalty as specified in paragraph ~~(O)~~(L)(1) of this rule.

(3) Refusing legal access to ~~fiscal~~ FINANCIAL, statistical, or medical records shall result in a penalty as specified in paragraph ~~(O)~~(L)(1) of this rule for outstanding medical services until such time as the requested information is made available to ODHS.

(4) All requested financial, statistical, and medical records supporting the cost reports or claims for services rendered to residents shall be available at a location in the state of Ohio for facilities certified for participation in the medicaid program by this state within at least sixty days after request by the state or its subcontractors. The preferred Ohio location is the facility itself, but may be a corporate office, an accountant's office, or an attorney's office elsewhere in Ohio. This requirement, however, does not preclude the state or its subcontractors from the option of conducting the audit and/or a review at the site of such records if outside of Ohio.

~~(P)~~(M) When completing cost reports, the following guidelines shall be used to properly classify cost:

(1) All depreciable equipment valued at five hundred dollars or more per item and a useful life of at least two years or more, is to be reported in the capital cost component set forth under rules 5101:3-3-51 and 5101:3-3-84 of the Administrative Code. The costs of equipment~~, including vehicles, acquired by an operating lease, executed before December 1, 1992, may be reported in the indirect care cost component, if the costs were reported as administrative and general costs on the facility's cost report for the cost reporting period ending December 31, 1992, until the current lease term expires.~~ ACQUIRED BY AN OPERATING LEASE, INCLUDING VEHICLES, EXECUTED BEFORE DECEMBER 1, 1992, MAY BE REPORTED IN THE INDIRECT CARE COST COMPONENT IF THE COSTS WERE REPORTED AS ADMINISTRATIVE AND GENERAL COSTS ON THE FACILITY'S COST REPORT FOR THE REPORTING PERIOD ENDING DECEMBER 31, 1992, UNTIL THE CURRENT LEASE TERM EXPIRES. THE COSTS OF ANY EQUIPMENT LEASES EXECUTED BEFORE DECEMBER 1, 1992 AND REPORTED AS CAPITAL COSTS, SHALL CONTINUE TO BE REPORTED UNDER THE CAPITAL COST COMPONENT. The costs of any new leases for equipment executed on ~~and~~OR after December 1, 1992, ~~and the costs of any pre-December 1, 1992 cost report~~ shall be reported under the capital costs component. Operating lease costs for equipment, which result from extended leases under the provision of a lease option negotiated on ~~and~~OR after December 1, 1992, shall be reported under the capital cost component.

(2) Except for employers' share of payroll taxes, workers compensation, employee fringe benefits, and home office costs, allocation of commonly shared expenses across cost centers shall not be allowed. Wages and benefits for staff including related parties who perform duties directly related to functions performed in more than one cost center which would be expended under separate cost centers if performed by separate staff may be expended to separate cost centers based upon documented hours worked, provided the facility maintains adequate documentation of hours worked in each cost center. For example, the salary of an aide who is assigned to bathing and dressing chores in the early hours but works in the kitchen as a dietary aide for the remainder of the shift MAY BE EXPENDED TO SEPARATE COST CENTERS PROVIDED THE FACILITY MAINTAINS ADEQUATE DOCUMENTATION OF HOURS WORKED IN EACH COST CENTER.

(3) The costs of resident transport vehicles are reported under the capital cost component set forth under rules 5101:3-3-51 and 5101:3-3-84 of the Administrative Code. Maintenance and repairs of these vehicles is reported under the indirect care cost component.

Effective Date: _____

Review Date: _____

Certification: _____

_____
Date

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5101:3-3-201 Chart of accounts for nursing facilities (NFs) and intermediate care facilities for the mentally retarded (ICFs-MR).

The Ohio department of human services (ODHS) requires that all facilities file semiannual cost reports through December 31, 1993, and annually thereafter, to comply with section 5111.26 of the Revised Code. The use of the chart of accounts in table 1 through table 8 of this rule is recommended to establish the minimum level of detail to allow for cost report preparation. If the recommended chart of accounts is not used by the provider, it is the responsibility of the provider to relate its chart of accounts directly to the cost report. Where a chart of account number has sub-accounts, it is recommended that the sub-accounts capture the information requested so that the information will be broken out for cost reporting purposes. For example, when revenue accounts appear by payor type, it is required that those charges be reported by payor type where applicable; when salary accounts are differentiated between "supervisory" and "other", it is required that this level detail be reported on the cost report where applicable.

While the following chart of accounts facilitates the level of detail necessary for medicaid cost reporting purposes, providers may find it desirable or necessary to maintain their records in a manner that allows for greater detail than is contained in the recommended chart of accounts. For that reason, the recommended chart of accounts allows for a range of account numbers for a specified account. For example, account 1001 is listed for petty cash, with the next account, cash, beginning at account 1010. Therefore, a provider could delineate sub-accounts 1010-1, 1010-2, 1010-3, 1010-4, through 1010-9 as separate petty cash accounts. Providers need only use the sub-accounts applicable for their facility.

Within the expense section (tables 5, 6, and 7), accounts identified as "salary" accounts are only to be used to report wages for facility employees. Wages are to include wages for sick pay, vacation pay and other paid time off, as well as any other compensation to be paid to the employee. Expense accounts identified as "contract" accounts are only to be used for reporting the costs incurred for services performed by contracted personnel employed by the facility to do a service that would otherwise be performed by personnel on the facility's payroll. Expense accounts identified as "purchased nursing services" are only to be used for reporting the costs incurred for personnel acquired through a nursing pool agency. Expense accounts designated as "other" can be used for reporting any appropriate nonwage expenses, including contract services and supplies.

Completion of the cost report as required in section 5111.26 of the Revised Code will require that the number of hours paid be reported (depending on facility type of control, on an accrual or cash basis) for all salary expense accounts. Thus, providers' record keeping should include accumulating hours paid consistent with the salary accounts included within the recommended chart of accounts.

Table 1

BALANCE SHEET ACCOUNTS-ASSETS

CURRENT ASSETS

1001	Petty Cash
1010	Cash in Bank